

Old-Age, Disability, Death

First law: 1913.

Current laws: 1962, 1976 (partial pension based on part-time work), and 1998 (implemented 1999).

Type of program: Dual universal and social insurance systems (**old system**) and unified social insurance plus mandatory private accounts (**new system**).

Exchange rate: U.S.\$1.00 equals 8.30 kronor.

Note: In 1999, a new social insurance system plus mandatory private *premium pension* accounts was established. There will be a gradual transition from the old system to the new for persons born between 1938 and 1953. Persons born in 1954 and later are completely within the new system, while those born in 1937 or earlier will remain entirely within the old system.

Coverage

Old system Universal pension: All residents.

Earnings-related pension: All employees and self-employed persons earning over base amount.

The base amount is established each year by the Government on the basis of the consumer price index. January 1997 base amount: 36,300 kronor.

As of January 1, 1993, pension benefits are calculated by reducing the base amount by 2%. (Previously, the entire base amount was used in the computation).

New system earnings-related pension: All employed and self-employed residents

Premium pension: All employed and self-employed residents.

Guarantee pension: All residents.

Source of Funds

Old system Insured person: Universal pension employees: none; self-employed, 6.03% of assessable income (up to 7.5 times the base amount).

Earnings-related and partial pensions—employees: 1% of assessable income (up to 7.5 times the base amount); self-employed: same as employer contribution.

Employer Universal pension: 5.86% of payroll. Earnings-related pension: 13.0% of payroll.

Partial pension: 0.2% of payroll.

Government: Universal pension about 25% of cost.

Earnings-related and partial pensions no contribution.

New system Insured person: Old-age pension—6.95% of pensionable income (exceeding 24% of the base amount and up to 7.5 times the base amount); to be raised later to 9.25%.

Employers and self-employed: Old-age pension 6.4% of payroll; to be raised later to 9.25%.

Note: Combined insured employee, employer contributions are 16% to the earnings-related component and 2.5% to the premium account.

Government: Full cost of guarantee pension.

Qualifying Conditions

Old system Old-age pension: Both universal and earnings-related pensions age 65 (age 60-64 with reductions, deferral until age 70 with increments).

Universal pension: residence in Sweden, or credited with pension points, for at least 3 years. A full basic pension requires 40 years' residency during ages 16-64 inclusive, or 30 years with pension points. The pension is reduced by 1/40 or 1/30, respectively, for each year residency or pension points falls short. Payable abroad to Swedish citizen entitled to earnings-related benefits.

Earnings-related pension: 3 years' coverage.

Partial pension: Pension based on part-time work (age 61-64) — reduced work schedule, fulfilled certain conditions before entitlement, and 10 years' earnings-related coverage after age 45.

New system Old-age pension: Flexible retirement age from age 61.

Earnings-related pension: Based on all lifetime earnings reported to the scheme from age 16. Must have years with earnings in excess of 24% of the base amount (earnings above 7.5% times the base amount are excluded).

Premium pension: Same as earnings-related.

Guarantee pension: Three years of residence.

Disability pension: Both universal and earnings-related pensions—disability pension may be granted as a full pension, 3/4, 1/2 or 1/4 of a pension, respectively.

See old-age pension, above, for additional requirements.

Survivor pension: Universal pension residence as under old-age pension.

Earnings-related pension deceased was pensioner or had 3 years' coverage.

Note: Transitional rules introduced January 1, 1990 apply to the survivor pension program.

Old-Age Benefits

Old system Universal old-age pension: 96% of current reduced base amount, multiplied by the accrued number of fortieths or thirtieths, to a single pensioner (see under Qualifying Conditions, above); or 78.5% to a married pensioner.

Earnings-related old-age pension: 60% of the current base amount multiplied by insured's average annual number of pension points in the 15 years with most points. Number of pension points in a year equals the difference between worker's covered earnings and the year's base amount divided by the base amount.

Limit: 6.5 points per year (full pension, 30 years' coverage; for shorter coverage, pension reduced accordingly).

For both universal and earnings-related pensions: age 60-64 with permanent 0.5% reduction per month, deferral until age 70 with permanent increment of 0.7% per month.

Partial pension: 55% of income loss connected with changeover to part-time work.

Adjustment: Annual automatic adjustment of benefits as the base amount is adjusted.

New system earnings-related pension: System of *notional accounts*. Pension formula consists of annual indexed based on the development of average wages reported to the pension system (disability pension payments counted as earnings for this purpose) plus an annuity factor depending on average life expectancy at the time of retirement for the appropriate age cohort and on a *norm* for expected increase of average wages in future years. Pension payments will be calculated by dividing total accrued pension assets by this factor.

Life expectancy based on the most recent average unisex life expectancy statistics over a five-year period. The *norm* for increase in average wages is set at 1.6% and is used for annual adjustment of pensions in current payment as well as for calculating the first-year pension amounts.

Premium pension: Insured contribution plus net returns converted into an annuity either individual, joint, fixed or variable.

Permanent Disability Benefits

Universal disability pension: 90% of reduced current base amount, multiplied by the accrued number of fortieths or thirtieths, to a single pensioner, or 72.5% to a married pensioner.

Supplements: 111.5% of reduced base amount with accruals, if ineligible for earnings-related pension; constant-attendance supplement, up to 65% of base amount; wife, aged 60, see old-age pension.

Partial disability: 3/4, 1/2, or 1/4 of a full pension.

Earnings-related disability pension: Computed same as old-age pension except credit given for years up to age 65 if certain prior coverage requirements are met.

Partial disability: 3/4, 1/2, or 1/4 of a full pension.

Adjustment: Annual automatic adjustment of benefits as the base amount is adjusted.

Survivor Benefits

Universal survivor pension (widow and widower): Adjustment pension, payable for 6 months, if at least 5 years' marriage or cohabitation (under certain conditions); or payable for as long as living with a child under age 12.

Maximum pension, 90% of reduced base amount.

Special survivor pension paid if illness/unemployment prevent self-support.

Orphans: 25% of reduced base amount, 50% if full orphan. Paid to age 18 (20 if student).

Adjustment: Annual automatic adjustment of benefits as the base amount is adjusted.

Earnings-related survivor pension (widow and widower):

Adjustment pension, payable for 6 months, up to 40% of pension of deceased.

Orphans: 30% of pension of deceased (increased by 20 percent per child if more than one). Total survivor pension not to exceed 100% of pension of deceased. Transition rules are applicable to women born before 1945: Universal pension 90% of current base amount if widow has child under age 16, or age 50 and married 5 years at husband's death. If age 36-49, no children, and married 5 years of more, full pension reduced by 1/15 for each year under age 50.

Earnings-related pension Widow receives 40% of projected or actual pension of deceased, or 35% if she has children. Women born in 1945 or later may be also covered by transitional rules.

Administrative Organization

National Social Insurance Board, central administration and supervision.

Regional and local social insurance bodies, administration of program.

Premium Pension Agency, administration of funded portion of new system.

Contributions of self-employed paid with income tax; those of employers collected by tax authorities at the source in conjunction with employers' income tax payments.

Earnings-related pension fund managed by 6 tripartite boards from different kinds of employment and with different investment policies. A 7th board administers assets in the funded part of the new scheme.

Sickness and Maternity

First laws: 1891 (cash benefits) and 1931 (medical benefits).

Current laws: 1962 and 1991 (Sick Pay Act).

Type of program: Dual social insurance (cash benefits) and universal (medical care) system.

Coverage

Cash benefits: Gainfully occupied persons earning 6,000 kronor a year or more.

Medical benefits: All residents.

Source of Funds

Insured person: Cash benefits: Employee, no contribution; self-employed, 8.23% of wages; **Medical care:** no contribution.

Employer: Cash benefits: 7.5% of payroll.

Medical care: No contribution.

Government: Cash benefits: None, at present; **Medical care:** whole cost by regional councils.

Qualifying Conditions

Cash sickness benefit: Income from employment unless involuntarily unemployed.

Cash maternity benefits (parents' cash benefits): Each parent eligible for benefits above guaranteed level (see below) if insured at least 240 days before confinement.

Pregnancy cash benefit: For expectant woman employee in physically demanding job where employer is not able to transfer her to less demanding work.

Sickness and Maternity Benefits

Sickness benefit: 80% of income loss from day 15 based on income up to 7.5 times base amount. Payable from 15th day of incapacity for duration of illness, 7 days a week (pensioners with income from work limited to 180 days). (Employer pays days 2-14 at 80% of income loss.) Self-employed and other qualifying non-employees: 80% of income loss from day 2.

Maximum daily benefit, 598 kronor. Benefits subject to taxation.

Parents' cash benefit (for child birth): Replaces 80% of income loss for 360 days (guaranteed level, 60 kronor per day), 60 kronor a day thereafter. Benefits payable up to 450 days (per child) until child is age 8 (both parents combined).

Benefits subject to taxation.

Maternity cash benefit: Same as sickness benefit, payable for 50 days, not earlier than 60 days nor later than 10 days before childbirth.

Temporary benefit: Care of children under age 12 (age 16 if chronically ill or disabled): Similar to sickness benefit above.

Payable for 60 days per child per year (both parents combined) for sickness of child or carer. Additional 60 days per child for sickness of child.

Adjustment: Annual automatic adjustment of benefits as the base amount is adjusted.

Workers' Medical Benefits

Medical benefits: Doctor's consultation: patient pays 60-260 kronor per visit (an additional 30-80 kronor for home visit). Hospitalization in ward (including maternity ward) of public hospital: patients pay maximum 80 kronor a day (reduced for low-income earners); refund of part of travel costs; free dental care for children up to age 18; fixed subsidies for preventive dental care, high-cost limit for prosthetic treatment, free insulin; patient pays full cost of other medicines up to 400 kronor in a 12-month period, partial cost thereafter not to exceed 1,300 kronor per year; maximum 900 kronor per year for other kinds of medical services. Pensioners pay maximum 80 kronor per day for hospital care (limited to 1/3 the amount of pension received).

Dependents' Medical Benefits

Medical benefits for dependents: Same as for family head.

Administrative Organization

Cash benefits: National Social Insurance Board, central administration and supervision. Administration of program, regional and local social insurance offices. Contributions of employed and self-employed paid with income tax; those of employers collected by tax authorities at the source in conjunction with employers' income tax payments.

Medical care: National Board of Health and Welfare, central supervision. Regional councils, administration and financing of program.

Permanent Disability Benefits

Permanent disability pension: If 100% loss of income capacity, 100% of income up to maximum 7.5 times base amount. Partial disability: If 1/15 or more loss of income capacity, proportionate to degree of lost income capacity. Adjustment: Annual automatic adjustment of benefits as the base amount is adjusted.

Workers' Medical Benefits

Medical benefits: Same as for the general sickness insurance program.

Survivor Benefits

Survivor pension: Adjustment pension-payable for 6 months if at least 5 years' marriage or cohabitation (under certain conditions); or payable for as long as living with a child under age 12. Survivor Benefit: 45% of income of deceased, 20% if children under age 12. Special survivor pension paid if illness/unemployment prevent self-support. Orphans: 20%-40% of disability pension of deceased for orphan under age 18 (20 if invalid). Funeral grant: 30% of base amount at time of death. Adjustment: Annual automatic adjustment of benefits as the base amount is adjusted.

Administrative Organization

National Social Insurance Board, central administration and supervision. Administration of program, regional and local social insurance offices.

Work Injury

First law: 1901.
Current laws: 1962 (Social Insurance Law), 1976, and 1991 (Sick Pay Act).
Type of program: Social insurance system.

Coverage

All employed and self-employed.

Source of Funds

Insured person: Employee, no contribution; self-employed, 1.38%.
Employer: 1.38% of payroll.
Government: None.
Maximum earnings for purposes of contribution and for benefit payments under temporary disability: 7.5 times base amount.

Qualifying Conditions

Work-injury benefits: No minimum qualifying period.

Temporary Disability Benefits

Temporary disability benefit: Temporary disability benefits in connection with work injuries are provided under the sickness insurance program, with benefit levels identical to those mentioned above.

Unemployment

First law: 1934.
Current laws: 1998
Type of program: Single subsidized program consisting of basic insurance and a voluntary intercorrelated insurance system.

Coverage

Voluntary component: Employees and self-employed under the age of 65.
Basic component: Employees and persons seeking employment if over the age of 20 and under the age of 65 and ineligible for the intercorrelated insurance.
Membership in unemployment insurance funds is usually compulsory for union members, but all funds must be open to voluntary affiliation for any employee in the branch of work or field of activity concerned. The complementary fund is open to affiliation by all employees and self-employed regardless of field of activity. About 80% of all employees belong to unemployment insurance funds.

Source of Funds

Insured person: Voluntary program, 57-170 kronor a month, according to fund (covers about 7% of cost); basic program, no contribution.

Employer: None.

Government: Contributes approximately 93% of cost through appropriation.

Qualifying Conditions

Unemployed and registered as jobseeker at the public employment service. Both able and willing to accept a suitable job at least 3 hours per day and at an average 17 hours per week. Unemployment not due to voluntary leaving, misconduct, or refusal of suitable job or training (suspension for 20 to 60 benefit days).

Employment for a minimum of 6 months—at least 70 hours per month—or employment for at least 450 hours during a continuous 6-month period, both during the last 12 months prior to unemployment. Membership in intercorrelated fund: 12 months. Study requirement for basic unemployment benefit: Does not fulfill principal conditions (above). Has finished at least one year of full-time studies and has been registered as a jobseeker for at least 90 days within 10 months after the studies.

Unemployment Benefits

Basic unemployment benefit: 240 kronor per day. Benefits subject to taxation. Payable up to 300 days per unemployment spell (450 days for those aged 57-64), 5 days per week.

Administrative Organization

National Labor Market Board, central administration and supervision.

Unemployment insurance funds, 40 funds in operation including the complementary fund.

Family Allowances

First and current law: 1947.

Type of program: Universal system.

Coverage

All residents with 1 or more children.

Source of Funds

Insured person: None.

Employer: None.

Government: Whole cost.

Qualifying Conditions

Family allowances: Child must be under age 16 (20 if student, 23 if attending special school for the mentally retarded).

Family Allowance Benefits

Family allowances: 750 kronor per month per child. Supplement payable to families with 3 or more children.

Administrative Organization

National Social Insurance Board, central administration and supervision.

Regional and local social insurance offices, administration of program.